

TASC

Technical Assistance and Services Center

Flex Program Hour Highlights

Date: November 22, 2000

Topic: "Goulash Hour"

Moderator: Terry Hill, TASC

State Flex Programs were encouraged to forward any topics they wanted to discuss for this special "goulash hour" program.

BBA Relief Update

CAH-related legislation is currently stalled. No one is sure whether any of the provisions will pass this year or whether a new legislative initiative will be necessary in 2001.

Lab Reimbursement

Kip Smith, MT, brought to attention that Medicare has implemented the Medicare lab fee schedule mentioned in Transmittal 757 as of October 1, 2000. Terry Hill talked to George Moray at central HCFA and he confirmed they must go by the fee schedule until there is a legislative change.

The legislative fix continues to be sought as Congress goes back into session in December. The group asked whether any numbers had been gathered regarding the negative financial effect. Project HOPE compiled a report detailing the financial impact of the lab fee schedule. If you would like a copy of this report, contact tasc@ruralresource.org.

CAHs and Using PROs for QA

Scott Ekblad, Oregon, recently heard that HCFA has recommended they not contract with their PRO for the QA portion of the CAH program, as it would be a conflict of interest. He wanted to know if any other states are contracting with their PRO and, if not, how are they fulfilling the QA requirements of the CAH program?

A few states on the call reported contracting with their PRO for QA, but arrangements have been made to reduce any conflict (i.e. no in-house QA, just reviewing the program to make sure it is running efficiently).

Terry Hill called Minnesota's PRO about this question and they said it is a conflict of interest to help CAHs develop a Quality Improvement Program because the PRO would be helping to create and monitoring the same program. In other words, would the state PRO give special consideration to hospitals that they worked with under contract?

Access to Capital for CAHs

Fred Moskol, WI, brought up for discussion an option for CAHs to receive access to capital in addition to the recently announced HUD 242 program. He invited on the call two attorneys from Wisconsin who have recently worked with a CAH to access \$10 million for their hospital renovation with publicly traded bonds. The benefits of publicly traded bonds are the federal government guarantee and the federally tax-exempt bond received if qualified by the local issuer. Unfortunately, a loan of \$10 million or more would be necessary to go this route.

It was noted that the “obligated group model” might be used by CAHs. This model is used in larger hospital systems where a group of affiliated hospitals come together under one umbrella and are responsible for the indebtedness of the group. This improves the credit quality because risk is diversified.

TASC Updates

Ann Miller updated the group on the national Flex Program conferences to be held in June 2001. The planning committee met for the second time and concluded a survey should be done of the State Flex Grantees to determine the appropriate agenda items. This survey will be forwarded to states in early 2001.

Terry Hill remarked that HCFA has been very responsive to TASC’s requests for information and interpretation. He reminded states to forward HCFA-related questions to TASC and we will continue to forward them to our sources at the HCFA central office.